



Missouri Department of Natural Resources

MINUTES MISSOURI SOIL AND WATER DISTRICTS COMMISSION CW Carver Farm, Lincoln University Jefferson City, Missouri February 18, 2004

COMMISSION MEMBERS PRESENT: John Aylward, Elizabeth Brown, Larry Furbeck, Philip Luebbering, and Kirby VanAusdall

EX-OFFICIO MEMBERS: DEAN THOMAS PAYNE, UNIV. OF MISSOURI: David Baker; **PETER HOFHERR, DEPT. OF AGRICULTURE:** Judy Grundler

ADVISORY MEMBERS PRESENT: SOIL & WATER CONSERVATION PROGRAM: Sarah Fast; **MASWCD:** Steve Oetting

STAFF MEMBERS PRESENT: Niki Aberle, Davin Althoff, Gary Baclesse, Milt Barr, Gorman Bennett, Jim Boschert, April Brandt, Chris Evans, Noland Farmer, John Forsyth, Rose Marie Hopkins, Gina Luebbering, Joyce Luebbering, Dean Martin, Theresa Mueller, Marcy Oerly, James Plassmeyer, Sara Popp, Josh Poynor, Jeremy Redden, Ron Redden, Kevin Scherr, Judy Stinson, Ken Struempf, Chris Wieberg, Bill Wilson

OTHERS PRESENT: DISTRICTS: BARRY: Marie Iiams, BARTON: Ben Reed, CALDWELL: Wendy Bowen, CAMDEN: Earnie Calvert, FRANKLIN: Laura McKeever, GREENE: Deneen Jenkins LIVINGSTON: Steve Hopper, MORGAN: Rita Bellich, John Draffen, Patty Wittrock, OSAGE: Cindy DeOrnellis, Jessica Hackmann, Lana Hackmann, Steve Morfeld, Mark Stewart, Charles Steifermann, RANDOLPH: Shelly Sumpter, SALINE: David Copeland, **STATE OF MISSOURI: ATTORNEY GENERAL'S OFFICE:** Harry Bozoian; **OTHERS:** MASWCD: Kathryn Braden, Peggy Lemons, Eli Mast, NRCS: Darrel Campbell, Steve Wooden; **INDIVIDUALS:** James Kelley, Maria Kelley, Bud Summers

A. CALL TO ORDER

Chairman Elizabeth Brown called the meeting to order at CW Carver Farm, Lincoln University in Jefferson City, Missouri, at 10:05 A.M.

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B. MINUTES OF THE LAST MEETING

Larry Furbeck made a motion to approve the minutes of the December 1, 2003 commission meeting as mailed. Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Elizabeth Brown, Larry Furbeck, Philip Luebbering and Kirby VanAusdall voted in favor of the motion and the motion carried unanimously.

Philip Luebbering made a motion to approve the minutes of December 11, 2003 telephone conference call as mailed. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Elizabeth Brown, Larry Furbeck, Philip Luebbering, and Kirby VanAusdall voted in favor of the motion and the motion carried unanimously.

C. CLOSED SESSION

Larry Furbeck made a motion to go into closed session pursuant to Section 610.021, RSMo 2000 (as amended), to discuss legal, confidential, or privileged matters under §610.021(1), RSMo; personnel actions under §610.021(3). Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Elizabeth Brown, Larry Furbeck, Philip Luebbering, and Kirby VanAusdall voted in favor of the motion and the motion carried unanimously.

D. APPEALS

1. Cost-share

a. Saline Soil and Water Conservation District – Board Appeal of a Commission Decision Denying Approval to Provide \$33,000 in Cost-share for a Water Impoundment Reservoir Application

Ron Redden presented a board appeal from the Saline Soil and Water Conservation District of a commission decision denying approval to provide \$33,000 in cost-share for a water impoundment reservoir. By allowing the board to approve the application in the amount of \$33,000, the landowner would waive participation in the cost-share program until fiscal year 2008.

According to commission policy, the limit of cost-share for a landowner is \$8,250 per practice for a water impoundment reservoir.

In the past, the commission has both approved and denied similar requests to exceed the \$8,250 limit. It was noted that this issue was presented to the commission in November 2003, and was denied. Mr. Redden reviewed the facts for the commission. The facts were that this was an active gully that required a sizeable structure, the estimated cost was approximately \$46,000, and board requested to be allowed to approve the landowner for \$33,000 in cost-share.

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In a memo from Mr. Purcell, Natural Resources Conservation Service State Engineer, he described the severity of the gully channel, the fact that the structure would directly control more than a dozen headcuts, and that there were numerous terrace outlets that were unstable because the stream channel had widened over the years.

Mr. Redden informed the commission that over the past two years, of the 2,300 water impoundment reservoirs completed, approximately 22 percent or 500 practices exceeded \$11,000, which has a cost-share payment limit of \$8,250. Of the 500, approximately 360 had actual cost between \$11,000 and \$14,999; approximately 100 were between \$15,000 and \$19,999; approximately 35 were between \$20,000 and \$29,000; 5 were between \$30,000 and \$39,999; 1 was in the \$40,000s; and 1 in excess of \$65,000. He also stated that it was not infrequent that actual costs go over the limit.

The landowner's son, Bud Summers, pointed out that the project was not for recreation and it would do a lot of good for neighboring landowners. Mr. Summers indicated they could do other practices further downstream such as, filter strips where the terrace outlets have eroded in the fields. The district provided him with information about the cost-share used by him. He indicated there were things he would have to use his own money toward maintaining the practices that are already in place. Larry Furbeck asked if there were other things that he had done to the farm, such as waterways, terraces, etc. Mr. Summer stated all their land was terraced. In the field in question, there was a grassback terrace system constructed several years ago that will need to be redone. He stated they had done a considerable amount of work in that area. When asked about what projects he had participated in the past five years, Mr. Summers informed the commission that terraces and maintenance had been done, but no major projects. In response to a question about cost-share that he had participated in, Mr. Summers stated there was some in terraces in the field. In response to being asked if by approving this request would the commission be opening the door for future appeals, Mr. Redden indicated that 5-6 years ago it was routine to have requests to exceed the limit at about every meeting. Over a period of time the commission gradually approved less of them and now there are fewer and fewer requests coming to the commission.

When asked about the cost per ton of soil saved for the structure, Darrel Campbell, the Natural Resource Conservation Service area engineer stated that in Saline County, the average cost was \$18.70 and the estimated cost per ton for the Summers structure was \$7.27 per ton. Mr. Campbell stated that the number of headcuts that were projected to be stabilized would be 16. At that time he passed out pictures of the headcuts which were taken in January. Mr. Campbell

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reiterated that the structure was not for recreation. Elizabeth Brown stated that is the first thing that comes to mind. Mr. Campbell informed the commission that there were 467 acres of drainage and the sediment pool was less than five acres and just high enough to cover the headcuts. When asked about how many other landowners would it impact if the structure was not there, Mr. Campbell indicated there were two directly affected and a county road. He also stated that normally on a headcut type structure, they put in some kind of alternative to an earthen structure, such as a rock chute or a concrete structure, which often run between \$4,000 and \$6,000. If multiplied by 16, the single structure would cost less and do a better job.

Mr. Furbeck stated the reason for the cap on the amount that could be received for a structure was to keep the money distributed, so if the amount for this structure is spent then other cooperators will not get part of that money. When asked if the money would come out of the district's allocation, Sarah Fast said yes and explained that the district was willing to do that from the perspective that the landowner would then not get any cost-share for several years. John Aylward stated the structure was needed, but he did not want to open it up for more of these high amount structures. Philip Luebbering stated that if the commission approve the appeal then would they be setting a new policy, because if you did it for one then would you have to do it for everybody. Mr. Luebbering asked if the commission had approved one in the last two to three years and Mr. Furbeck indicated they had for Holt County.

David Copeland, board member, commented on the fact that he thought the commission was missing an opportunity. With the 16 headcuts, there could possibly be 16 structures put in and over half of them would take up to the \$8250. He indicated the district had a backlog, as they have a lot of cooperators in the county waiting on money. They have worked with every cooperator they have and this is an acceptable practice. He informed the commission they had been working on this project since 1990 when Mr. Summers first came into the office. He indicated that since 1990, the amount of soil lost was a lot. He stated the reason they were there was to save soil and this was an opportunity to do so. When asked by the commission if they were willing to spend their allocation for this structure, he responded that they would.

Ms. Fast informed the commission that if a motion were not made then current policy would stand. Kirby VanAusdall stated it was a lot of money over the \$8250 and what about the others in the county. Mr. Summers stated he thought it was covered by the fact they would give up the next four years for cost-share, when they have been using cost-share. Mr. Summers did not think it would affect anybody else. If it did affect someone, it would probably be a structure that

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would have less than a ten-acre drainage area. John Aylward stated that if you have a two-year waiting list, then the money needs to be spread out so you could get some people off the list.

Due to no action taken, the November decision denying the board's request was reaffirmed.

b. Dallas Soil and Water Conservation District – Allow Cost-share for a Warm Season Grass Planting on an Established Prescribed Grazing System that was Never Funded Through the State Cost-share Program

Marcy Oerly presented an appeal from the Dallas County Soil and Water Conservation District asking the commission to allow cost-share for a warm season grass planting through the planned grazing systems practice on a previously established prescribed grazing system that was never funded through the state cost-share program.

Ms. Oerly reminded the commission that in July 2003, they denied a very similar appeal from the Polk Soil and Water Conservation District. The Planned Grazing System practice, through the state cost-share program, is a demonstration practice to illustrate the environmental and economic benefits of a planned grazing system for landowners that have not previously used the practice. It is the commission's policy to fund a total grazing system rather than individual components of the system. After reviewing the issue in September 2003, the commission requested the handbook be revised to better clarify the policy. At that time they allowed cost-share to the Polk landowner with a limit of \$60 per acre seeded rather than \$60 per acre served.

On September 15, 2003, a memo and revised cost-share handbook pages were mailed to the districts. The policy states, "Cost-share is not authorized under this practice for single components of the practice, such as ponds, wells, heavy use areas, and warm season grass plantings, on grazing systems that were not established with state cost-share funds. It is the intent of the commission to fund total planned grazing systems rather than individual components of a system."

A claim for Larry Glor was received in the program office on January 20, 2004. The board approved the claim on November 13, 2003, which was approximately two months after the policy clarification was sent to the districts. When the program staff did a computer search on Mr. Glor's name, they found he had never participated in the state cost-share program for a planned grazing system. The staff also questioned the claim because the only components were for a 21-acre warm season grass planting. Next the staff questioned the amount of cost-share

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being requested. Of the 123 acres served in the system, only 21 acres were approved for the seeding. When multiplying the \$60 per acre (planned grazing system) maximum by 21 acres, the maximum cost-share would be \$1,260, not the \$2,172.85 that was requested.

In a letter from the board, they explained that their staff did not know the policy had been clarified in the handbook. After contact with program staff, the district realized they had outdated pages in the handbook. Furthermore, the board stated it was not the landowner's fault; he had done as he was instructed to do. They went on to say, that with the warm season grass planting, the landowner would have more of a total planned grazing system, and better quality forage during the hot, dry part of summer. The letter also stated that it would allow the landowner to meet Natural Resources Conservation Services standards and specifications by having adequate forage for the summer months.

Philip Luebbering made a motion to approve the board's request to allow cost-share for the warm season grass planting, but limit payment to \$60 per acre seeded (\$1,260). Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Elizabeth Brown, Larry Furbeck, Philip Luebbering, and Kirby VanAusdall voted in favor of the motion and the motion carried unanimously.

2. Special Area Land Treatment

a. Osage Soil and Water Conservation District – Revisit Project Termination Date

Davin Althoff presented a request from the Osage Soil and Water Conservation District to revisit the termination date set by the commission. On December 1, 2003, the commission approved a new termination date to end the project this fiscal year since requested FY05 budget included limited cost share incentives.

In December 2003, Osage requested to move the majority of the cost-share funds for the Loose Creek Special Area Land Treatment Projects budgeted for fiscal year 2005 to fiscal year 2004. At that time, the commission approved the request to increase the available funds for stackhouse/composters and N590 Nutrient Management practices. The commission also voted to end the project June 30, 2004, because of the limited cost share funds remaining for FY05.

In a letter dated February 10, 2004, Osage Soil and Water Conservation District asked the commission to consider allowing the Loose Creek Agricultural Nonpoint Source Special Area Land Treatment project to utilize the remaining (\$73,775) administrative funds budgeted for FY05 for cost share and administrative costs for FY05. The district requested \$29,138 for personnel to fund a half-time Special Area Land Treatment Manager, a quarter-time clerk, and

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a quarter-time technician. They also requested that \$800 be split evenly between information/education and administrative. The total for management funds was \$29,938. The budget also included \$43,836.71 for cost-share. According to the Special Area Land Treatment Manager, approximately \$40,000 of the cost-share funds would be used to construct four stackhouses, the remainder would be for one spring development and limited nutrient management incentives. The Loose Creek Agricultural Nonpoint Source Special Area Land Treatment Project has completed 79.33 percent of the original goals.

Program staff was concerned because the budget included three part-time positions equaling one full-time employee to design and approve four stackhouses, one spring development, and limited nutrient management incentives. Staff believed the practices could be completed with one half-time employee.

In response to a question, Sarah Fast stated districts set their own goals for new Agricultural Nonpoint Source Special Area Land Treatment, and the commission goal is for the districts to achieve at least 80 percent of the goals in the watershed plan. Mark Stewart, Osage County board member, explained how the initial request came about for changing the length of the Agricultural Nonpoint Source Grant. The district realized that with the stackhouses, they probably would get them completed by the end of the fiscal year 2005. When the district looked at the ramifications of the December decision, they realized they were going to short Osage County a significant amount of cost-share dollars. Mr. Stewart indicated the district was not asking for a continuance, but to go back to the original length of the project. When asked if the staff thought the district could do this project with less administrative/technical help, Mr. Althoff stated staff's concern was the project was in its final year and it would not take as much promotional activity to get landowners involved. He stated he compared other Special Area Land Treatment projects and in looking at their goals, a half time employee typically has this type of workload.

Larry Furbeck made a motion to approve the district board's request for a half-time employee totaling a maximum of \$16,682 for personnel, \$800 for administration and the remaining for Special Area Land Treatment cost-share. John Aylward seconded the motion.

Steve Morfeld, chairman of the district, stated they lumped up money to try to approve a bunch of stackhouses and a lot of projects at the end. They thought they had to have them done by the end of the fiscal year. He also stated all of the projects were going to be approved from now to July, but are going to be constructed next year, which will be past the termination date, if not extended.

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He stated they would need the personnel to make sure the projects on the land get completed.

In response to a question about how much cost-share the district would have if approved for a half time employee, Mr. Althoff stated there would be approximately \$14,000 extra if the commission approved the district for a half time employee versus a full time employee.

With a motion on the floor and when asked by the chair, Mr. Furbeck withdrew his motion. Mr. Aylward seconded the withdrawal.

Larry Furbeck then made a motion to approve the district board's request and proposed budget for \$29,938 in management and \$43,837 in cost-share (40 percent management to 60 percent cost-share). John Aylward seconded the motion. When polled, John Aylward, Larry Furbeck, Kirby VanAusdall, Elizabeth Brown voted in favor of the motion. Philip Luebbering abstained. The motion passed unanimously.

E. REQUESTS

1. Land Assistance Section

a. Cost-share

1. Morgan Soil and Water Conservation District – Landowner Request to Farm Over Terraces Rather than Parallel

Joyce Luebbering presented a request from the Morgan Soil and Water Conservation District requesting the commission review the terrace systems policy to allow farmers to plant over terraces regardless of their location in the state.

Commission policy states that, "Farming operations must be parallel to the terrace, with the exception of Cherokee Prairie soils of the state when the slope is 3% or less and the soil loss can be reduced to permissible soil loss ("T"). Farming over terraces may be allowed on the Cherokee Prairie soils if it is technically acceptable to Natural Resources Conservation Service and if the board approves this method of farming on a case-by-case basis."

In a letter from the landowner, he states that the size of the fields and the soil conditions in Morgan County prevent making terraces parallel in most cases.

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Ms. Luebbering stated that Dade, Barton, and Jasper Counties made a similar request in 1997. The commission denied that request, which established the current policy.

Sarah Fast stated that Roger Hansen, Natural Resources Conservation Service state conservationist, called her to say that he supports his technical specifications. When asked if this would be permissible, Ms. Fast stated it would go against Natural Resources Conservation Service technical specifications.

As no action was taken, current policy remained in force.

2. Buchanan Soil and Water Conservation District – Approval for Cost-share on a Tile Only Practice

Niki Aberle presented a request from the Buchanan Soil and Water Conservation District for cost-share assistance for a tile extension on an existing terrace.

Commission policy states, “If the board of supervisors desires to approve cost-share assistance for installation of tile only in an existing waterway or terrace, they must obtain approval from the commission. The request to approve cost-share assistance must be approved by the commission in writing before the board approves the application.”

In a letter from the board, they stated that they did not know they needed permission from the commission before board approval could be granted. It also mentioned that the landowner and the Natural Resource Conservation Services Resource Conservationist met at the landowner’s farm in October 2002 to evaluate the erosion problem. According to the Resource Conservationist, a tile extension would solve the erosion problem. On August 7, 2003, the application was approved and on December 2, 2003, the practice was completed. The letter also pointed out that the adjacent landowner had installed a tile outlet terrace system in 1994 with state cost-share assistance, which outlets at the property line.

Ms. Aberle informed the commission that in May 2001, Livingston Soil and Water Conservation District requested cost-share to add 140 feet of 10-inch tile to existing terraces and the commission approved the request.

John Aylward made a motion to approve the board’s request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward,

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Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

3. Osage Soil and Water Conservation District – Practice Started Prior to Board Approval

Joyce Luebbering presented a request from the Osage Soil and Water Conservation District for cost-share on a permanent vegetative cover establishment practice that was started prior to board approval.

The State Cost-share Rule states, “The district board cannot approve an application if construction or implementation of the practice has begun.”

According to the letter from the board, the landowner signed the application on August 3, 2003. The board approved the conservation plan on August 25, 2003, but tabled the approval of the cost-share application until the next board meeting due to incorrect components on the application. On September 10, 2003 the district technician told the landowner the application was approved. Due to the information received, the landowner started the practice on September 11, 2003. On September 24, 2003 the Osage board signed the cost-share application.

Ms. Luebbering indicated that the commission had approved similar requests in the past.

Philip Luebbering made a motion to approve the board’s request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

4. St. Charles Soil and Water Conservation District– Practice Started Prior to Board Approval

Niki Aberle presented a request from the St. Charles Soil and Water Conservation District Board for the commission to provide cost-share assistance on a permanent vegetative cover establishment practice started prior to board approval.

Commission policy states, “Landowners who start a practice before receiving official notification of the approval of the board are not eligible to receive cost-share and cannot be approved for a cost-share incentive payment.”

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According to the letter from the board, the landowner came to the office to see if he could get money for seeding a cropland field to pasture and he was told that he would need to apply for cost-share. He was also told he would have to get a soil test to see how much fertilizer and lime was required. About three weeks later, the landowner returned with soil test and bills. At that point, he was told that the board would have to get approval from the commission for cost-share.

Ms. Aberle noted that the landowner filled out an application dated November 30, 2003. The amount of cost-share would be \$688.20.

John Aylward made a motion to approve the board's request. Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

5. Dunklin Soil and Water Conservation District– Approval to Provide Cost-share to Build a Structure That Does Not Meet Natural Resources Conservation Service Specifications

Ron Redden presented a request to approve cost-share for a dam that did not meet Natural Resources Conservation Service specifications.

The commission's regulations stipulate that, "Specifications for soil and water conservation practices set in the SCS (now NRCS) Field Office Technical Guide are to be used as the basis for determining need and practicability of the proposed practice, for preparing plans and specifications, for designing and laying out the practices and for certifying the proper installation of the practices."

A letter from the board indicated the dam at the site did not meet the Natural Resources Conservation Service's low hazard requirement, due to the presence of immediate downstream residences and a state highway. According to an aerial photo, the dam would be located in a wooded corner of the drainage area. Mr. Redden informed the commission that the gully was located on two acres of property owned by Mr. Ross.

According to the Natural Resources Conservation Service State Engineer, a dam built to different specifications than what is commonly used could be designed that would meet Natural Resources Conservation Service specifications, but would be expensive. The additional cost would be due to soil mechanics testing, seismic stability, concrete spillway, and

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continuous inspection. Because of these facts, it was estimated the cost would be several hundred thousand dollars.

What the board asked was to allow them to provide cost-share for a less expensive dam estimated to cost between \$20,000 and \$30,000 that would not meet Natural Resources Conservation Service specifications. The board indicated the landowner had hired a licensed, certified engineer that was willing to accept liability responsibilities.

In response to a question about liability if the dam needed to be fixed, it was stated that if cost-share was provided on a structure that did not meet Natural Resources Conservation Service specifications, the commission could be accountable as a state commission. If the commission did not approve the request, the landowner would be liable. When asked about the land that would be protected, Mr. Redden stated that very little cropland was in the drainage area.

Larry Furbeck made a motion to deny the board's request for cost-share on a structure that does not meet Natural Resource Conservation Service specifications. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

6. Cooper Soil and Water Conservation District – Reconstruction of a Storm Damaged Waterway

Noland Farmer presented a request to provide cost-share assistance to reconstruct a sod waterway damaged as a result of excessive rainfall during August/September 2001.

Commission policy states "the commission, districts, and landowners all have a responsibility to protect the investment already made in cost-share practices. In order to protect the investment, the commission may authorize cost-share assistance on practices used to control excessive erosion that failed through no fault of the landowner."

Reconstruction cost-share is only eligible on practices that fail during the maintenance life of the practice, it must meet Natural Resources Conservation Services standards and specifications, and the life span is ten years after completion. To be eligible, districts can request reconstruction cost-share if a single storm causes widespread failure of state cost-shared structural practices within a county. It was also noted that a landowner is

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not entitled to cost-share assistance on components of a practice that was not cost-shared on as part of the original practice.

Mr. Farmer briefly reviewed the facts pertaining to the request. Natural Resources Conservation Service certified the sod waterway on August 27, 2001. The Cooper board approved the claim in the amount of \$7,500 on August 30, 2001. The seed had started coming up on or about August 29, 2001, when the area received a three-inch downpour. Due to the rain being localized, the county was not eligible for Emergency Conservation Program funds. Since the waterway was wet through September, the landowner filled the ditches and re-seeded it in December at his expense. The grass was killed on a portion of the waterway during the summer of 2002 because of drought. According to the board, the landowner put in berms along the top of the waterway to slow down the water entering from the top at his own expense. The landowner hoped that by fertilizing and mowing annually as recommended, the seeded area would heal over and become established to the point that the waterway could be used as an outlet for his terraces. The acreage that needed to be reconstructed was approximately half an acre. The board believed that netting was needed for the re-construction to be a success, even though netting and stapling were not part of the original practice. The estimated cost of reconstruction, reseeding, netting and stapling was \$857.89. Of that, the landowner would be eligible for \$643.42 cost-share.

Mr. Farmer pointed out that in September 2002, the commission denied cost-share assistance for a rip rap component needed to stabilize an outlet on a sod waterway being reconstructed because it was not part of the original practice.

In response to a question from the commission about what Natural Resources Conservation Service said was needed, Mr. Farmer indicated that netting and stapling would be needed to fix to issue.

Philip Luebbering made motion to approve the board's request, to include cost-share on the netting and staples. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

7. Cedar Soil and Water Conservation District– Landowner Maintenance Violation on a DSP-3

Marcy Oerly presented a request from Cedar Soil and Water Conservation District for repayment of cost-share on a planned grazing system practice maintenance violation.

It was pointed out the Cost-share Assistance application contains a maintenance agreement that says, “if a project is removed, altered, or modified so as to reduce its designed effectiveness for a specified time period, the landowner shall refund, to the program, the state cost-share funds used on the project.”

The commission’s policy states, “The landowner is responsible for the maintenance of the cost-share practice. Practices installed with state cost-share assistance must be maintained in good operating condition to assure continued and effective control of erosion. The maintenance life of the practice is stated on the cost-share application. The landowner will be required to repay the cost-share if the practice is not maintained for the life of the practice. The amount of repayment will be prorated based upon the life of the practice.”

In a letter dated December 1, 2003, the Cedar Soil and Water Conservation District requested assistance in pursuing repayment of cost-share for three planned grazing system practices that were certified complete in 1998, 1999, and 2001. A letter dated August 13, 2002, the board informed Mr. Thomas, the landowner, that during the July 31, 2002 site visit, it was noted the fencing systems was not electrified and some cross fences were down. At that time, the landowner was given 60 days to fix the problems or repay a prorated amount of the cost-share money he received.

A letter dated April 17, 2003 was sent to the landowner from the board informing him that another maintenance check on March 26, 2003 found the fencing system in worse condition than the previous year. At that time, the landowner was informed he had 30 days, from the receipt of the letter to have the system back in satisfactory operating condition or he would be required to repay a prorated portion of the cost-share he had received.

In a final letter dated November 17, 2003, the board again informed the landowner that an inspection of his grazing system on October 8, 2003, showed that no apparent effort had been made to repair the fences, and the

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matter was going to be referred to the Soil and Water Districts Commission.

A certified letter to the landowner dated December 16, 2003, informed him that the program requested repayment of \$2,421.50 within 30 days of receipt of the letter. It also informed him that if repayment was not made, the matter would go before the Soil and Water Districts Commission, where they will decide if the matter should be referred to the Missouri Attorney General for recovery of funds. On February 13, 2004 and February 17, 2004, the landowner contacted the program office to discuss the situation. He explained that due to health reasons, he had been unable to work the past year or so to correct the issues of the fences. He stated he had been trying to correct the problem, but it would be several months before the work could be completed.

It was noted that the commission heard a very similar issue in May 2002, where the commission requested the landowner repay a prorated amount of cost-share for failure to maintain a planned grazing system practice.

When asked if anyone from the county was present, Ms. Oerly said no. Sarah Fast stated the county had tried to recover the funds, but had been unsuccessful.

Larry Furbeck made a motion to refer the matter to the Attorney General.

Harry Bozoian asked how the commission would feel if the landowner brought the practice back up to specification; would they still want to recover the funds? Kirby VanAusdall stated that all the commission was wanting was for the practice to be brought back up to specifications.

Philip Luebbering seconded the motion.

Larry Furbeck also said if the landowner brought it back up to specifications, it would be fine. Mr. Bozoian then asked about the time the practice was down until he brought it back up into compliance. It was suggested to add two years to the maintenance agreement.

When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

b. Special Area Land Treatment

1. Webster Soil and Water Conservation District – Purchase Rotary Hammer with Special Area Land Treatment Field Equipment Funds

April Brandt presented a request for approval from Webster Soil and Water Conservation District to purchase a rotary hammer with Special Area Land Treatment funds for the James River Headwaters Agricultural Nonpoint Source Special Area Land Treatment project.

Commission policy states in part “Agricultural Nonpoint Source Special Area Land Treatment projects may only purchase field equipment during the first two years of the project and the total amount of funding is limited to \$25,000. Eligible items for field equipment expenses include no-till drills and planters, ridge-till planters and cultivators, mulchers, seeders, subsoilers, lagoon and deep pit agitation equipment, non-motorized manure handling equipment and lime spreaders, pasture aerators, harrows, and sprayers. Districts who want to purchase any other pieces of equipment should write a letter of request to the commission including the cost of the equipment, the quantity and explain how the particular piece of equipment will further the project’s objectives.”

The project was allowed \$25,000 for field equipment; they have a balance of \$2,459. The district purchased a no-till drill and lime spreader from this fund. Normally, unused funds are transferred to incentive practices for the project. In the past, the commission only authorized field equipment type of purchases to be taken from the Special Area Land Treatment field equipment fund. However, in 1995 high tensile wire unrollers and high tensile wire splice crimpers were paid from Special Area Land Treatment grant money.

According to a letter from the district, the rotary hammer would be used to install ground rods for electric fence systems. The district’s letter stated that due to the soil types in Southwest Missouri, it is difficult to drive in ground rods. Many rods are bent and/or not driven to the proper depth. The Special Area Land Treatment manager estimated the cost for the rotary hammer to be around \$500. It was estimated that between 10-15 landowners a year would use the hammer at no cost. The hammer would assist the district in achieving the goals.

Philip Luebbering stated that if this was needed to properly install the ground rods he did not have a problem.

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Philip Luebbering made a motion to approve the board's request and add rotary hammers to the list of eligible field equipment for AgNPS SALT projects. John Aylward seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Elizabeth Brown informed the commission that the November 2003 minutes had not been approved. Kirby VanAusdall made a motion to approve the November minutes as mailed. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

F. ELECTION OF OFFICERS

Dave Baker opened the floor for nominations for the position of Chair of the commission. Larry Furbeck nominated Elizabeth Brown. John Aylward seconded the nomination. Kirby VanAusdall made a motion to close the nominations. Philip Luebbering seconded Kirby VanAusdall's motion. The motion passed unanimously.

Mr. Baker opened the floor for nominations for the position of Vice-chair of the commission. Philip Luebbering nominated Larry Furbeck. John Aylward seconded the nomination. Kirby VanAusdall made a motion to close the nominations. John Aylward seconded Kirby VanAusdall's motion. The motion passed unanimously.

G. REQUESTS - Continued

2. District Assistance Section

a. Supervisor Appointments

1. Stone Soil and Water Conservation District

Josh Poynor presented a request from Stone Soil and Water Conservation District to appoint Elmer Curbow to fill the unexpired term of Wilma Jean Sorrell.

Larry Furbeck made a motion to approve the request. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

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2. Ozark Soil and Water Conservation District

Gorman Bennett presented a request from Ozark Soil and Water Conservation District to appoint Charlene Lambert to fill the unexpired term of Dan Morrison.

Larry Furbeck made a motion to approve the request. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

3. Gentry Soil and Water Conservation District

Jeremy Redden presented a request from Gentry Soil and Water Conservation District to appoint Kenny Kent to fill the unexpired term of Raymond Schmitz.

Kirby VanAusdall made a motion to approve the request. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

4. Johnson Soil and Water Conservation District

Sarah Popp presented a request from Johnson Soil and Water Conservation District to appoint Tom Haun to fill the unexpired term of Bob Ramey, which expires March 2005.

Philip Luebbering made a motion to approve the request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

5. Ripley Soil and Water Conservation District

Chris Evans presented a request from Ripley Soil and Water Conservation District to appoint E. L. Mobley to fill the unexpired term of Lloyd Ward.

Larry Furbeck made a motion to approve the request. Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

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G. PLANNING

1. State Audit Follow-up

Milt Barr presented an update pertaining to the State Auditor's report for the Department of Natural Resources and the Soil and Water Conservation Program. The state audit report primary focused on accounting transactions for fiscal year 2000, fiscal year 2001, and fiscal year 2002. It also focused on management practices as well as compliance with state laws, regulations, and agency policies in several areas of state grants. The actual audit process occurred over a 2½ year period which was somewhat unusual especially when the program had already initiated follow up actions or established controls for the findings or issues before the end of the audit.

In Section 3 of the audit report the auditor indicated four recommendations. The first recommendation was that the commission should conduct a more detailed study is needed to quantify objective costs or goals, how to use the soil sales tax, and to consider more conservation practices for all districts. Action for this recommendation has been implemented. The commission implemented action in the form of approving the detailed strategic planning research study for the future that began in fiscal year 2003. The commission has also indicated that it will continue its current endeavors to review, consider and implement new conservation practices based on environmental and resources protection value as they are identified.

The second recommendation was to reevaluate how administrative district grant funds are being allocated and determine the most cost-effective method. This recommendation was not implemented. The commission has continued to review the current allocation process and believes this process is the most cost-effective method to administer grant programs for overall district needs.

The third recommendation was to establish procedures to ensure documented reviews of cell phone use. This recommendation has been implemented. In April 2003, internal controls were added for more stringent cell phone bill reviews by supervisors.

The last recommendation made was to review travel expenditures for future out-of-town meetings to determine the most cost-effective options to meet program needs. This recommendation has been implemented in that the current review process includes this type of determination for out-of-town meetings to include determination of the most cost-effective options in order to meet the programs needs and/or requirements as identified by the department.

Section 4 of the report on commission and district minutes and audits indicated three recommendations. The first recommendation included several parts: all copies of the Soil and Water Conservation Districts board minutes be obtained and reviewed for compliance; ensure all commission and districts minutes and notes are properly

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approved; ensure Soil and Water Conservation Districts regular meeting minutes document reason(s) for going into closed session. Actions were taken to implement all parts of the recommendation as follows: copies of Soil and Water Conservation Districts board minutes were be obtained immediately for the specific district files noted missing and in May 2003, a program policy (2003-042) was established for tracking board minutes from districts in conjunction with the quarterly request for funds; in September 2002, a memo (2003-006) reviewing audit findings in districts was sent to all districts to ensure follow ups and compliance. The second recommendation was to ensure all annual audits of the Soil and Water Conservation Districts are conducted and follow-up action taken. Due to cutbacks in 2003, the department auditor's staff that did program and district contract audits were eliminated. It was recently approved by the division director and staff to pursue the contract audits, using staff from the division and the program. The third recommendation was to ensure an audit of the internal controls of the Soil and Water Program is performed by the Department of Natural Resources Internal Audit Section. The action for the recommendation was implemented in fiscal year 2003 by updating and documenting program internal controls in accordance with division standards. The Water Protection and Soil Conservation Division then consolidated all program internal control plans and submitted them to the department Internal Audit Section for review and approval also in 2003.

In section 5 of the audit report concerning the Soil and Water Cost-share Program and financial the first recommendation also had several parts as follows: recommendation would have the program require canceled checks, itemized invoices, documents to include invoice date and date of actual payment, district files to contain copies of all required documentation, and to ensure denied claim review and approval procedures are followed. Actions to all parts of this recommendation were implemented with the exception of requiring canceled checks. The program published several policy memorandums to districts in 2003 to emphasize with the exception of the canceled checks the other areas listed by the auditor were already being required by program policies. The commission has requested the Land Assistance section to research the requirement for all districts to use only canceled checks to support all claims and its impact.

The second recommendation was the discontinued used of the signature stamp for administrative review and approval of claims and to establish procedures for documenting the administrative reviews of the claims. The recommendation was partially implemented. The program director controls the stamp and it is for administrative use only and not for claim approval. Currently the district boards have procedures for the approval of the claims and the program office does have procedures for review and documentation of approved claims.

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The last recommendation was to ensure that Soil and Water Conservation Districts dispose of equipment purchased with state funds in accordance with program policies and procedures. This recommendation was not implemented as of yet however the District Assistance Section is continuing to work on follow-up actions and guidance to the districts in this area.

In summary in the 10 areas with recommendation by the auditor, 5 areas have had actions to implement the recommendations, 3 areas have actions taken for partial implementation of the recommendation, with 1 area with actions pending for implementation and 1 area not planned for implementation of the suggested changes. Mr. Barr indicated the overall audit report showed no surprises or significant issues.

2. Fiscal Year 2004 – 2006 Budget Update

Milt Barr presented projected revenue rates, expenditures and issues for fiscal year 2004, 2005 and 2006. In the first six months of fiscal year 2004, \$18,745,428 was the total of revenue deposits, compared to \$18,426,484 in fiscal year 2003. During fiscal year 2004, four of the six months showed higher deposits than fiscal year 2003.

The difference between fiscal year 2003 and 2004 was \$318,994. For fiscal year 2004, tax revenue increase was projected to increase by 2 percent. The actual rate of change from fiscal year 2003 to 2004 was 1.7 percent using the actual deposit comparisons. This rate was below the 2 percent planning projection for 2004 and is also less than the 3.5 percent Department of Revenue general sales and use tax rate that was reported on their January 2004 monthly update for the first 6 months of fiscal year 04. In discussions with the department fiscal analysts the difference is primarily because the rate of change they reference is only from general sales and use revenue sources and does not cover personal property type sales & general use tax that is included in the Soils Sales Tax base. This refers to motor vehicle and marine craft sales specifically. The department rates of change also do not normally include revenues net of refunds, as do our deposits. The good news is that the rate of change is positive and the forecasts are that it should continue to increase.

In the recently released Governor's budget for the remainder of 2004 and projections for 2005, the projected change rate was 3.5 percent for fiscal year 2004 and 6.4 percent for fiscal year 2005. The Department of Revenue analysts indicate that these rates are very optimistic and again do not factor in projected refunds especially for 2004 which has higher than usual refund projections. Mr. Barr indicated that as of now he is still using conservative planning estimates and projected rates for fiscal year 2004 to 2006 to range from 2 percent to 3 percent growth.

The planning estimates for expenditure forecasts for fiscal year 2004 to 2006 ranged from \$40,030,133 to \$41,292,609. These figures included high estimates for known and

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potential activities again for planning purposes only. The difference between fiscal year 2004 and 2005 was a \$1,000,029 increase and from fiscal year 2005 and 2006 the difference is \$262,447. Expenditures included in the projection were Green Building transfers in fiscal year 2004 and 2005, the data processing project over the fiscal years 2004, 2005 and 2006, district accounting software in fiscal year 2005 and 2006, and an expansion of approximately \$500,000 for District Assistance Grants in 2006 if approved by the Commission. He indicated that the first planning estimate by the TIER company for the simple bare bones conversion of the program's data systems would be around \$450,000. This was a planning estimate before they did the actual review & analysis of all of the program information systems. It did not include the conversion of district's data nor for a training package for the system due to several unknowns at the time. The analysis and work requirements were documented and completed in November and did include work estimates for the total conversion of all 114 districts' data, an appropriate custom training package, and a number of additional report requirements that were not known before the analysis. These final TIER estimates for the work to build the system with the additional requirements basically doubled the original planning estimate of \$450,000. The total approved budget for fiscal year 2004 was \$38,481,186. This included redirecting \$250,000 to both District Assistance and Cost-share, and a \$50 a month pay increase for employees making less than \$40,000 a year.

The budget submitted by the program and department for fiscal year 2005 totals \$38,481,186 with no requested changes to the core budget. The Governor's budget recommendations, however, included a recommendation for a 2% pay employee pay increase and/or a to be determined increase to the health care benefit payment for employees, which could increase Personal Services and/or transfers if approved. The fiscal year 2006 core budget review will be started in the next couple of months. At this time there are no changes with the exception of a possible expansion for the District Assistance program for projected health care increases of up to \$800,000 if approved by the commission.

When asked about the changes in the amount of the TIER project over the original planning requirement, Mr. Barr stated that Tier has now completed the analysis. As already discussed the initial planning estimate before the analysis started last Spring, was \$450,000. When TIER conducted the actual analysis of all of the data systems they went ahead and included the work for the conversion of district information and an adequate training package. In addition, as they reviewed the business cases with the program and district staff they found out there were significant more reports and applications than originally that were indicated in the beginning. This resulted in almost doubling the original work requirements and therefore the original planning estimates. Mr. Barr stated the current planning estimate of \$900,000 to complete the project would be spread over three fiscal years (fiscal years 2004-2006), but the lifecycle of the system was expected to be 10-15 years. Mr. Furbeck indicated that from previous briefings on the subject he

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understood that this project was basically required to comply with the department and division's management information systems standards. Mr. Furbeck then asked Ms. Fast if this was still the case, she stated that yes it was because the entire Department of Natural Resources was going to this kind of a Management Information System for all future applications. When asked if there was an option to do this, Ms. Fast stated the department and the division appear ready to proceed with the project. Another issue was how much it was currently costing to maintain all of the current program information systems. Ms. Fast stated the program had been paying between \$100,000 and \$200,000 a year to maintain the current separate systems. When asked about any additional costs for use of the web base system, Ms. Fast stated most districts were co-located with a Natural Resources Conservation Service office and there should be no extra cost; but for stand alone districts, the commission may need to consider additional funds to upgrade internet service. When asked about converting all of the districts' information, Ms. Fast explained to the commission that the conversion was now part of the package. Mr. Barr also then stated that as discussed that was part of the increase in the estimates of work and costs. Larry Furbeck stated it was a concern of some districts that they would have to do it from their other funds. Ms. Fast said the only additional cost that she was aware of would be for stand-alone districts that might not have the access lines at the level they need for speed. She also indicated that in previous meetings' discussions the state conservationists stated that Natural Resources Conservation Service would try to help provide assistance for stand-alone offices. Philip Luebbering's concern was the 60 weeks to get the system up and going with the possibility of only using it for three years because of the approaching expiration of the tax. Ms. Fast stated that a lot of people have talked about that, but the data would be there for the 25-plus years that need to be kept and accessed. Philip Luebbering then asked if this was the only program out there and what the benefits would be for going to the web-based program. Ms. Fast informed the commission that this option was the alternative the computer technical experts presented to the program given the departmental direction. Another concern of Philip Luebbering was if the districts that have to use it have problems, if someone would come to the office to fix it and if someone came into the office to fill out an application and they could not get on line. Ms. Fast stated in the document she read, if the district users stopped using the website for more than 30 minutes, it would go off and they would have to reconnect. Ms. Fast also informed the commission that the association talked about this at their meeting. Steve Oetting from the Missouri Association of Soil and Water Conservation Districts stated a concern was the transfer of district historical information to the new system. Ms. Fast again indicated this is a part of the contract. Mr. Oetting stated the association discussed the issue and anytime there is change it brings a challenge. Mr. Oetting stated the biggest complaint was over the fact they did not get all the information about the overall project. Mr. Oetting also indicated that after things had been explained to them, they came up with the opinion that although they may not be in favor of it, it's probably the way they have to go as long as the cost was not incurred by the districts and does not reduce their operating funds, they would go along with the suggestion. When

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asked about the speed of the system to do the work, Ms. Fast indicated again that if the offices were co-located with Natural Resources Conservation Services, then they would have adequate speed service. She indicated the real issue was the 14 stand-alone districts that may need additional funds to hook them into higher-speed access. When asked about a yearly maintenance fee on the system, Ms. Fast stated that according to the department information technicians, there should be less maintenance. Mr. Barr indicated the program pays for support from the Management Information Systems section of the department already and they have the training to support the new system. Ben Reed commented that landowners should know that the information they supply to be put in the database could be supplied to other agencies. Ms. Fast stated a reminder could be added to the application and the claim. When asked who had access to the system, Ms. Fast said anyone could request the information because it is public information. She also stated that the working documents could not be changed by just anyone. Mr. Barr added that the department systems were very secure and the Soil and Water Conservation system would have very good security and only those people authorized by the program would have access to the information. Peggy Lemons from the Missouri Association of Soil and Water Conservation Districts asked about the future of the district accounting program. According to Bill Wilson, the division was looking at this issue. Based on the initial review, they were looking at getting another off the shelf system. Ms. Lemons informed the commission that at the National Association of Conservation Districts meeting she learned that due to new security systems that Natural Resources Conservation Service was putting in, all district computers and that they would have to be totally hooked into their system and updates would have to be done by their administrator. Ms. Fast indicated updates for the program new system would be done centrally by the department on the web page and districts would just access it, but if the accounting system was an off-the-shelf package, it would have to be looked at.

4. Requested Commission Follow-up Discussion on New Program Development Missouri Association of Soil & Water Conservation Districts Resolution #3 (MASWCD Resolution #3 from Livingston)

Gary Baclesse reported that the Missouri Association of Soil and Water Conservation Districts resolution submitted by the Livingston Soil and Water Conservation District was approved at the association's annual meeting. This resolution requested the commission allow the districts to use ¼ of the geographic distribution of cost-share funding for anything that would meet the district's needs. Although the commission did not approve the resolution as it was outlined, it did request staff to look into the process of setting up a new program. It was noted that the commission had been asked by districts and the association, to provide funding for local conservation needs.

The commission's current land assistance programs include cost-share, Special Area Land Treatment, and loan interest share programs. These programs can provide up to \$28,000,000 per year in incentives for landowners to apply conservation practices and

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conservation management. For these programs, funds are only for conservation practices that control and/or prevent erosion or improve water quality. These funds come from collected sales tax and goes back into the state in the form of reimbursement to landowners.

The cost-share program was the first program available to the districts. The program was defined "as a state-funded incentive program designed for the purpose of saving the soil of the state through erosion control and abatement." Initially, cost-share was allowed for conservation practices on farmland that was eroding above the tolerable level or for active gully erosion. Through the years, the commission was asked to approve practices that were not eligible for state cost-share. The commission's rule states, "Practice shall mean any individual structure, conservation measure or operation, which shall constitute a viable method of erosion abatement and sediment control." Over time, exceptions to the rule have been made to help prevent soil erosion or for demonstration practices.

The seven exceptions to the rule were established because most or all of them protected the soil from erosion. These exceptions must be included in the landowner's conservation plan and meet Natural Resources Conservation Service specifications. Past legal advice was to limit the number of exceptions and if more were needed, they should probably be cost-shared under a new program.

The commission's goal is, "By the year 2006, reduce soil erosion on 95 percent of Missouri's agricultural land to a level that is acceptable." The exceptions would not have any direct impact on the commission's goal. Of the 105,000 acres cost-shared in 2003, only about 42,000 were treated for soil loss above "T" or for active gully erosion. Natural Resources Conservation Service's National Resources Inventory provides the only statistically valid method of measurement on total acres protected from erosion.

Of the 18 eligible cost-share practices, four are used to treat sheet and rill erosion, four may be eligible for sheet and rill or gully erosion, four must have active gully erosion, two have special conditions that exempt them from the erosion requirement, and four are totally exempt from the erosion requirement. Gully and ephemeral erosion are problems on many soils and the main focus of many districts' local cost-share priorities. Water impoundment reservoirs and terrace practices are used to stop active gullies. The reported cost to stop gully erosion on terraces and water impoundment structures was expensive because of the number of acres and low pre-install erosion rates.

Management of pastures helps to prevent soil erosion and improve water quality. To be eligible for the planned grazing system practice, landowners must attend a grazing school. Permanent vegetative cover enhancement and planned grazing systems help to prevent erosion but do not contribute directly to the commission's erosion control goal.

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Through the cost-share program, landowners can install single practices on a single field and do nothing else on the farm. The cost-share program does not require a systems approach to erosion control or that every practice installed, to reduce erosion to tolerable levels on fields, but it does require landowners to have a conservation plan on the farm.

Many districts with heavy workloads and more applications than cost-share funding, limit landowners to only one practice a year or to some amount of cost-share funding or both. Many districts could use more cost-share funding to meet the demand. The cost-share program is very popular with districts and landowners, because it allows a high level of flexibility on farms.

The commission developed the loan interest-share program, which offers reimbursement on a landowner's interest cost for equipment, such as no-till drills, and conservation practices.

The original Special Area Land Treatment program and EARTH projects were created to address soil erosion on a watershed basis. The Agricultural Nonpoint Source Special Area Land Treatment program was developed to address agricultural nonpoint source water quality problems resulting from production agriculture on a watershed basis. These problems result from sediment, which is directly related to soil erosion. Due to problems tied to production agriculture, the Environmental Protection Agency lists agriculture as one of the main contributors to nonpoint source water quality problems. The commission developed Agricultural Nonpoint Source Special Area Land Treatment to provide incentives to landowners to put best management practices on the land in a targeted watershed. There are 42 eligible cost-share incentive practices used by the program. Besides sheet and rill erosion control and gully erosion control practices, the program provides incentives for conservation practices or best management practices that help with agricultural nonpoint source water quality problems. Eligible practices must be included in the landowner's conservation plan and meet Natural Resources Conservation Service technical requirements.

Special Area Land Treatment provides incentives for erosion control and water quality practices, and provides grants for watershed planning, watershed management, technical assistance, demonstrations, education, and allows loan interest-share program incentives on equipment tied to water quality and on the additional cost above the 75 percent cost-share on eligible practices.

Since the Agricultural Nonpoint Source Special Area Land Treatment program requires a competitive process and funds are limited, only 12 to 14 of the 26 proposals in the present call could be approved.

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The commission has heard many requests for practices that did not fit the cost-share program, such as a lime practice. This is not eligible as a stand-alone practice but is eligible as a component of other practices. The commission sees lime as pasture maintenance only and not something that should be supported with sales tax funds or require an incentive for its use on poor pasture where excessive erosion was not occurring. Some districts would want to use a lime only conservation practice in a new program.

Stream bank erosion practices are eligible in the current Agriculture Nonpoint Source watersheds, although some districts would like to see it in another program not tied to a watershed. Federal funding from the Environmental Quality Incentive Program may be the best alternative.

Recently, the Missouri Association of Soil and Water Conservation Districts passed a resolution to allow using relief wells on existing tile terrace systems. They are already eligible in the cost-share program as a component on new terrace systems, but are not eligible on existing terrace systems that have been certified and meet technical requirements. The relief well practice is an eligible practice in Special Area Land Treatment watershed areas for improving water quality, but is not used to solve the sheet and rill or gully erosion problems.

A maintenance program for conservation practices that are no longer under maintenance requirements of a program could possibly fit in a new program.

Without a constitutional amendment change, the commission is limited to using funds on working agricultural land. Issues related to erosion on land being developed into housing or shopping malls are not eligible for financial assistance. Changing the constitutional language to address these types of urban erosion problems would allow urban districts with little agricultural land to use appropriated money for these problems.

The new program could outline the criteria used in establishing any new conservation practices, but only if the practice met the criteria and Natural Resources Conservation Service technical specifications. The commission might want to look at a planning process for the development of any new program. The commission should probably require that rules be established for any new program, funding be available for a pilot through the appropriation process, and a controlled pilot be established to test the rules before going state-wide. Some of the issues the commission would need to consider in directing the development of a new program included the source of funding and its impact on existing programs, the possible inclusion of conservation practices needed to address local soil and water conservation needs, limited funding for a new program and criteria for setting limits, and measuring and evaluation of a new program.

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Steve Hopper from Livingston County, stated what the association proposed was taken from Dr. Sandy Rikoon, University of Missouri's Department of Rural Sociology, who was hired as a consultant. Dr. Rikoon proposed that $\frac{1}{4}$ of the geographic distribution be allocated to the districts to be use for problems specific to that district. The association took that idea and expanded upon it. Their resolution said the district could do that, if they could convince the commission that it controlled erosion and/or cleaned up water. Mr. Hopper stated he viewed this resolution as a docket expansion and not a new program. He also stated there would not be additional cost, because the funds were already allocated. He informed the commission that he thought the maintenance program, after ten years, should be a district decision. He stated he had talked to many senators and representatives that said they were from donor counties. Their point was that they were not getting what other counties were getting, because they could not use the funds for their specific needs. He suggested expanding the information/education grant to them, to allow them to utilize 25 percent of their money to educate contractors. He stated he believed this was something that needed to be considered, to help make sure the counties that felt left out, feel that they are getting something from the program. He informed the commission that according to Dr. Rikoon and Steve Jeanetta, a program like this was needed. As far as funding a new program, Mr. Hopper reiterated he was not proposing a new program, but rather a docket expansion using existing funds. As far as measuring practices in the new program, it would be by the erosion control that was accomplished and the clean water. In regard to the audit requirements, he stated the audit suggested more practices for the districts.

Larry Furbeck asked Mr. Hopper how his proposal was going to authorize the district to do this if they had to consult with the program office and the commission to be approved for different practices. According to Mr. Hopper, some of the ideas would work and some would not. Sarah Fast stated that districts can propose new practices now, but they have to fit under the current rules, and what she and Mr. Baclesse looked at was if the commission wanted to take steps to have the program look at the practices, but not under the current cost-share rules. Mr. Furbeck stated that administratively there would be no way to check it, monitor it, or measure it without a new set of rules. Ms. Fast informed the commission that any practice that could not legally be covered under the current cost-share program could be reviewed under a new program. Philip Luebbering asked about how you would go about setting up a new program. In regard to that question, Ms. Fast suggested the commission spend some time thinking of side bars, and what they really would or would not consider, and have a committee work on those issues and write proposed rules. After writing the rules, then do a pilot. She stated this was not what Mr. Hopper proposed as he wanted to do it under the current cost-share program. Kirby VanAusdall stated he thought the commission would have to face the changes one by one, rather than making new programs that would satisfy everyone in the state. Elizabeth Brown stated the commission had a mission and they had not accomplished it yet and with the tax renewal approaching, she felt it was a little scary. At that point, Mr. Hopper

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said he was not proposing spending any new money, but use what was allocated to the districts. Mr. Furbeck asked Mr. Hopper how the commission could be accountable for some of the things that would be tried. Mr. Hopper reiterated he saw it as a docket expansion if the commission approved it. Mr. Hopper was then asked how do you justify a failure to taxpayers, he said it could be dropped from the docket, but it should be a board decision. Elizabeth Brown asked Mr. Hopper if he saw urban areas wanting to use this for urban storm water run off. Mr. Hopper stated he did not know enough about that to address it properly, other than what he had heard.

Ms. Brown asked if anyone would like to take any action on it. Ms. Fast asked if the commission wanted anything more formal or if the commission wanted a chance to review it or put it back on the agenda in the future. Mr. Furbeck said he would like for the staff to look at it under the current programs offered. Harry Bozoian stated he would be happy to address any legal issues the commission had in regards to the request. He reiterated that rules were set up and the commission set a goal to address soil erosion above "T". He also stated there already were exceptions to "T" and the proposal might possible not apply to the current rules, so the commission may have to formulate new rules or create a new program. He stated that new rules or new program could possible change the commission's goals. As far as it being constitutional, if the commission approves it for the saving of the soil and water of this state, for the conservation of the productive power of Missouri agricultural land, it would fit.

Ms. Brown again stated that if the commission did not want to make a motion to change or accept the resolution, then they did not need to do anything. Kirby VanAusdall reiterated that that the commission has the authority now to hear requests for exceptions. Mr. Bozoian stated that there were exceptions where districts could bring issues to the commission outside the rule; however, if the commission said as a body that they were going to accept all kinds of exceptions, then the commission would have to put it in a rule.

It was consensus of the commission to take the issue off the table. The commission will continue to hear specific requests from the districts as they have done previously.

3. Tabled Report on Fiscal Year 2006 Benefits Grants Possible Expansion

Jim Boschert presented a report on the benefit grant expansion that was tabled at the December commission meeting. The commission asked staff to research and bring back additional information on health insurance benefits. One question the commission asked was how much money is spent by the districts or employees for health insurance. Another question was if there are other providers in the state similar to Missouri Consolidated that could give health insurance premiums per county. The last question was how raising the copay effects the total dollars claimed in the benefit grant.

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Mr. Boschert presented information taken from quarterly reports in regard to the amount spent by the districts or employees for health insurance. Of the 228 district employees that claimed health insurance expenses through the benefit grant, 97 of them have Blue Cross/Blue Shield as a provider and 87 have Missouri Consolidated as a provider. The remaining 44 either have insurance through a spouse's employer or have another provider.

Of the 228 employees that claimed expenses, 136 have all of their health insurance cost paid by the district. The employee copay is either paid through other state funding or the district's local funds. The majority of the copay comes from other state funds. The remaining 92 have some out-of-pocket expenses. Out of these 92 employees, 42 pay the \$10 copay. The remaining 50 employees' costs are for an additional premium for the employee's coverage or family coverage.

In regard to family health insurance, 38 employees include family members on their coverage. Of these employees, 10 have part or all of their family's health insurance paid for by the district.

For the 228 employees, the monthly premium totals \$68,311. This amount was for one month and for the employee only. The benefit grant paid \$61,282 or 90 percent of the employee's monthly premium. The monthly amount paid by employees for health insurance is \$13,108. Some of this amount is for the \$10 copay not provided by the districts and premiums over the amount eligible.

Of the 228 employees, 87 use Missouri Consolidated as their provider and 141 use another provider. Out of the 141 employees, 104 have a monthly premium less than Missouri Consolidated and 37 have premiums that are greater. According to the information provided by the districts, 191 employees or 84 percent have access to rates equal to or less than Missouri Consolidated.

Next, Mr. Boschert addressed the issue regarding other providers in the state similar to Missouri Consolidated that could give health insurance premiums per county. Currently what is used is Missouri Consolidated's least-cost monthly premium per county, which has been used since the beginning of the benefit grant. The commission adopted these because no other companies would give a monthly premium per county. The Missouri Department of Insurance was contacted to see if other options were available, and they stated that Missouri Consolidated was the only entity like it in the state. With other insurance companies, an employee's rates would be based on the information on each individual application. The rate would be based on items such as age, medical history, and etc, so there would not be one rate per county. The Department of Insurance suggested working through a group to get group insurance. After the group tells the

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company the number of people to be insured, the company would then write a plan and base the rates on the applications submitted. Since the districts would be tied to using that company, the concern was that there would be no flexibility.

Mr. Boschert presented information concerning the issue of raising the copay. An option presented to the commission in the past was to raise the current copay of \$10, which was established at the start of the benefit grant.

A copay of \$17 was the lowest. By raising the copay by \$7, the amount saved in the benefit grant would be between \$19,000 and \$20,000 per year.

According to information from the benefit committee, there will be an additional \$231,043 needed for fiscal year 2006. The total needed through the end of the current tax is \$795,138 for the benefit grant. These numbers were derived from using the current policies set by the commission for health insurance and retirement. Using these numbers, the committee estimated an increase of 20 percent per year in health insurance and a 10 percent increase per year in retirement.

In a report to the commissioners in December, Ben Reed from the benefit committee reported they considered three options in maintaining the commission's current policy through 2008. The first option was to request a \$500,000 expansion in fiscal year 2006 and allow the unused to remain in the benefit fund. The second was to request a one-time \$795,138 expansion in fiscal year 2006, which would cover through fiscal year 2008. The third option was to increase the benefit fund annually. The benefit committee recommended the first option. Currently, unused district assistance funds are returned to the soils sales tax fund and are not available for district assistance the next fiscal year. A change to this would have to be approved through the department and then approved through the budget process.

Mr. Boschert stated the fourth option was to allow staff to use unused district assistance funds to cover expenses that exceed the grant total. The district assistance allocation, matching grant, benefit grant, and the information/education grant make up the district assistance grants. The total available each year is \$7,911,922 and is divided among the grants. The district assistance allocation was \$5,830,000, the matching grant program was \$570,000, the benefit grant was \$1,261,992, and information/education grant was \$250,000. There was a total of \$457,577 not spent last fiscal year. The benefit grant had \$294,284 not spent. The amount left in this grant will continue to decrease due to increases in health insurance. The benefit committee projected the grant would be \$12,780 short next fiscal year.

In response to a question, Mr. Boschert stated that the commission would be provided information on how much health insurance goes up and at what percentage. When asked

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about changing the copay, Mr. Boschert informed the commission that it would be brought to them. When asked about keeping the policy as it is now, Ms. Fast stated it was part of the discussion with the legislative process when the grants were approved. According to Bill Wilson, during the appropriation process for the benefit grant, there was concern by legislators that money not being used for benefits would be used for other things such as salary or other district expenses, so they chose to keep the \$1,200,000 tracked separately. Mr. Wilson also stated that with the approach to use all of the \$7,911,922, they could use the unspent funds for the benefit grant. As per Mr. Furbeck, if they kept it separate, they would have to increase the amount just to meet the next year's projections. When asked about a projected increase in retirement, Mr. Boschert stated there was a 20 percent increase in health insurance and a 10 percent increase in retirement. In response to a question about how much of the 20 percent increase the employee is asked to pay, Mr. Boschert stated there would be no expense to the employee other than the \$10 copay. Philip Luebbering stated that raising the copay would not get anywhere near the \$230,000. In regard to the 10 percent increase in retirement, Mr. Boschert stated it was a 10 percent increase each year.

Steve Oetting informed the commission that he had received between 70 and 80 letters from districts requesting the copay stay at \$10. Mr. Oetting also commented on the fact that 84 percent of the district employees had insurance less than Missouri Consolidated. He urged the commission to keep the copay at \$10.

Ben Reed stated that if the grant was short and more money was needed, then the request was to use the district assistance grant. What districts were really interested in was the 2006 budget. The initial request for the \$500,000 would be if unused funds in 2006 could stay and be used later. He suggested an approval of more than needed, but put it back into the program or to a year-to-year basis where they would ask for the exact amount needed.

John Aylward made a motion for a year at a time. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

G. REVIEW/EVALUATION

1. Land Assistance Section

a. Special Area Land Treatment

1. Stone Soil and Water Conservation District – Management Strategy Update for Spring Creek

Davin Althoff present an update on the Stone Soil and Water Conservation District's Spring Creek Agricultural Nonpoint Source Special Area Land

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Treatment project on management strategy. On March 6, 2003, the commission approved the process for the management strategy that helps districts get back on track and gives them every possible chance to be successful. The commission was informed that the Spring Creek Agricultural Nonpoint Source Special Area Land Treatment project will be terminated at the end of the third quarter following the management strategy process.

On November 27, 2000, Stone County Soil and Water Conservation District was awarded approval for the Spring Creek Agricultural Nonpoint Source Special Area Land Treatment project by the Missouri Soil and Water Conservation Districts commission to begin on January 1, 2001. On the fourth reporting period (June 2002 to December 2002), the project level was 6.57 percent which was below the commission minimum of 8 percent, which caused the Spring Creek project to go into management strategy.

Program staff proposed a compromise to lower some of the goals with an agreement to lower the amount budgeted in personnel and administrative funds on the long-term budget. Stone Soil and Water Conservation District submitted a plan with intentions to reach the original goals stated in the plan. In July 2003, Stone County submitted the fifth semi-annual progress report that showed the second consecutive time that progress failed to meet the minimum progress level. In September 2003, the commission was informed the project would be terminated if minimum progress was not met at the next reporting period. At that time, the district was informed of the status and possibility of project termination. Stone County submitted the sixth semi-annual progress report for fiscal year 2004. For a sixth reporting period of a seven-year project, there must be a 5 percent increase in the progress. Spring Creek's progress level for the fifth call was 8.34 percent, for the sixth call the level was 15.4 percent, which was a 7.06 percent increase over the fifth call. Even though the increase meets the minimum progress required by the commission, the progress counting on the semi-annual progress report was questionable.

The district reported in the last six months that they had completed one field day, 31 newsletters and articles, and five informational meetings. According to the copies requested by program staff, approximately 14 of the newsletters and articles were merely advertisement for various Special Area Land Treatment meetings and workshops and not informational articles related to Spring Creek Special Area Land Treatment project. Also, four of the five informational meetings were questionable due to most of the informational meetings consisted of landowners stopping by the office and the district informing them about Special Area Land Treatment practices. The district was informed that these activities were not formal meetings but regular district business. Without these

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activities, the percentage completed would be 12.27 percent, which was below the minimum.

Some of the main objectives for the Spring Creek project are erosion control; pasture management; information/education; riparian protection, and nutrient management. Some of these objectives can be completed through the regular cost-share program and some through the Special Area Land Treatment grant. The information/education activities are the only activities that require Special Area Land Treatment funding.

According to the February 3, 2004 practice summary ledger, all of the Special Area Land Treatment monies obligated at that time were for regular cost-share practices. Even after information/education activities to promote additional Special Area Land Treatment practices, no monies were obligated for those practices that were not offered through regular cost-share. With 43 percent of the project timeline completed, only 12.27 percent of the goals and objectives were complete.

It was reported that program staff would draft a letter to Stone County terminating the Agricultural Nonpoint Source Special Area Land Treatment project and funds would no longer be allocated to Stone Soil and Water Conservation District for the project following the end of the 3rd quarter of the current fiscal year. According to the Management Strategy, Stone Soil and Water Conservation District would be eligible to appeal the decision to terminate the project. It was noted that Stone has a second project (Crane Creek) which was approved in the fourth call, which exceeds the minimum progress level following three reporting periods.

When asked about how much they had already been allocated and/or how many years, Ken Struempf stated it had been going on for three years and about \$250,000. He also indicated if the project was terminated, it would free up funds for the next call. In response to a question, Sarah Fast stated that in the judgement of the staff, the progress did not qualify, but the district has the right to appeal. Mr. Struempf reiterated that staff took out many questionable items and ran the numbers, which put Stone below the minimum on the management strategy progress report.

b. Cost-share

1. Monthly Cost-share Usage and Fund Status Report

Noland Farmer updated the commission on the monthly cost-share usage. A copy of the fund status report was distributed that covered information from the districts and was as of December 31, 2003. The report showed

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the districts' allocations, amount obligated, the percentage of allocations that each district obligated, the dollar amount claimed, and the percentage of allocations that each district claimed.

Also handed out was a copy of the Cost-share Year to Date report that showed the claims received by the program as of February 13, 2004.

In fiscal year 2003, districts obligated \$18,400,000 of the \$23,800,000 that they were allocated and, so far this year, have obligated \$17,200,000 of the \$23,100,000 they were allocated. Also in fiscal year 2003, districts claimed \$8,400,000 and as of December 31, 2003, they had claimed \$7,100,000 of their allocated funds.

According to projections for fiscal year 2004, only \$20,000,000 of the allocated funds will be claimed as it is unlikely the entire amount will be claimed. This projection was based on amounts claimed in previous years.

As of January 31st, \$8,300,000 in claims had been processed, which was \$200,000 less than the projection. The amount of claims received by February 13, 2004 totaled \$9,000,000, which is less than last year at this time.

When asked about the difference from last year, Mr. Farmer stated there was an extra \$700,000 available for obligation in FY 2003. He also stated fewer applications for ongoing practices, which could be claimed early in the year, were rolled over from 2003 into the new fiscal year, and that the weather this fiscal year may have played a role.

2. Allocation of Additional Funds

Ron Redden presented an update on the allocation of additional funds. In November 2003, the commission allocated additional funds to the districts by reducing the amount held back for drought relief. The total amount the commission had available to reallocate was \$235,815.

If this issue was held until the next commission meeting, planting might interfere in some areas where the money could be used for terraces.

It was suggested the commission might want to consider making additional cost-share available to districts that had obligated 90 percent or more of their allocation if they would want additional funds. At the end of December, 26 districts had obligated at least 90 percent, and 17 had obligated between 80 and 89 percent. Mr. Redden stated that many of the

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17 had increased their percentage to 90 percent. By reallocating the \$235,815, these districts could receive between \$5,000 - \$9,000 in additional funds.

Mr. Redden suggested that staff could send a memorandum to the districts asking each district wishing to request additional funds to provide the program office with a Fund Status Report documenting their amount obligated prior to the end of February and how much they needed. Staff would then divide the amount evenly, but not to exceed the amount requested, among the districts with 90 percent of the existing allocations obligated, if the commission adopted this option.

In response to a question about the end of February requirement, Mr. Redden stated that to make it fair, a date would need to be established for the districts to provide the report showing how much money they had obligated.

Philip Luebbering made a motion to divide the funds evenly among the districts that have obligated at least 90 percent of their total allocation and have indicated a need for additional funds. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

When asked about how much had been reallocated, Mr. Redden stated initially there was \$19,500,000, another allocation of \$2,700,000 was made, and then an additional \$468,000 was made available to the districts.

3. Dunklin Soil and Water Conservation District – Continuation of the Commission's Requirement That the District Must Submit Original Invoices and Cancelled Checks with the Claims

Ron Redden presented a review of the commission's policy that Dunklin Soil and Water Conservation District require original invoices and copies of cancelled checks or cashier checks for claims. This requirement was stipulated to the district that it would be reviewed in 2004.

The commission was reminded of the reasons this requirement was placed on the Dunklin Soil and Water Conservation District. Since this requirement was made, several claims were returned for various reasons associated with the documentation of cost. In one instance, several claims for a single landowner were submitted with numerous invoices marked

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paid with the same check number. When totaled, the invoices exceeded the amount of the check. This indicated that not all the invoices were paid in full. Another time, an invoice billed a landowner for two elbows; however the same invoice was used on different claims with each claiming cost-share for two elbows. In several instances an original invoice has had to be requested because the original documentation was not sent.

Based on these experiences, the staff did not believe they could responsibly account for funds being requested without the original invoices and copies of canceled checks.

Larry Furbeck made a motion to require the district to continue to submit original invoices and copies of cancelled checks and cashier checks for another year with the matter to be reevaluated at the first commission meeting in 2005. John Aylward seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

2. District Assistance Section

a. Information/Education Grant

Jim Plassmeyer presented a review of the information/education grant program. The information/education grant started out the year with \$250,000. In the first call, 37 projects were approved for a total of \$190,105. In the second call, 13 proposals were submitted. These proposals totaled \$50,962. The review committee recommended 12 of the 13. Most of the projects were recommended at the amount requested by the district, although the committee did reduce a few. The proposal not recommended was due to the lack of information on how the district was planning to use the equipment in the proposal.

Philip Luebbering, who was on the information/education committee, informed the commission that there were some concerns on what direction that district was headed and if they were paying for equipment.

Larry Furbeck made a motion to approve the proposals as recommended by the committee. John Aylward seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Since the review committee met, Wright County called and asked about their proposal. The district was informed their proposal was not being recommended because the review committee did not think it had enough information. When

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asked if they could submit more information, they were allowed to do so. The review committee questioned the appropriateness of reviewing additional information. The additional information the district submitted was that the computer and LCD projector were for school presentations, Special Area Land Treatment meetings, workshops, annual meetings, and at a fair booth. Mr. Plassmeyer asked the commission if they would wish to approve the proposal for the laptop computer and LCD projector. In response to a question about how many others were turned down, Mr. Plassmeyer stated in the second call that Wright was the only one and in the first call, 14 were turned down. Philip Luebbering voiced his concern that since it was a pilot year, a lot of people did not know what to expect or how to write the proposals. He also felt it was fair, because the proposals denied in the first call could have been resubmitted in the second call.

The commission went on record to support what the information/education committee decides.

Mr. Plassmeyer informed the commission that two of the districts approved in the first call could not proceed with their proposals at the approved amounts. In a letter from Texas County, the district said it could not proceed with the two proposals due to an 80 percent reduction in their budget. The majority of the reduction was for salary because the salary was for a current full-time employee. When contacted, Texas County said the salary was for their technician and the Dent County technician.

Another item from the first call was from Ripley County, who wanted to know if their two current employees were eligible to be paid from the grant. Current commission policy states that salary could be paid from the information/education grant if the district was hiring a new information/education employee or if a current part-time employee would be increasing hours worked for the information/education program. Mr. Plassmeyer informed the commission that one of the employees was not eligible due to the fact that the number of hours-worked in fiscal year 2003 was 2022. Even though the district had a signed agreement that the employee would only work 32 hours per week in fiscal year 2004, the quarterly report had the employee working more than the 32 hours per week for the first two quarters of fiscal year 2004.

Mr. Plassmeyer asked for clarification of what the committee should look at in future calls. The options for review could include employee summary, the personnel policy submitted by a district, past history, or what the district plans for the coming fiscal year.

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Larry Furbeck made a motion to deny the board's request and only allow one employee to be paid from the grant. Kirby VanAusdall seconded the motion. When asked by the chair, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried. John Aylward did not vote.

Mr. Plassmeyer stated that at the review meeting, the committee discussed some changes they would like to recommend to the commission. One item was to set a dollar amount of \$2500 for LCD projectors.

When asked if it was the committee's recommendation to set the limit at \$2500, Mr. Plassmeyer confirmed that this was the committee's recommendation.

Larry Furbeck made a motion to limit LCD projectors to \$2500. John Aylward seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Another issue was the clarification on the criteria staff should use for determining salary eligibility. Alternatives are the employee summaries of hours worked or a personnel policy agreement. The committee also wanted clarification on the definition of new and innovative.

It was a consensus of the commission that if it was a new way for the district to present information, then it was acceptable.

Mr. Plassmeyer informed the commission that a new call would be announced next week with proposals due in early April. The committee recommendation would then come to the commission in May, and districts would be notified by July 1st.

Philip Luebbering stated he would continue to serve on the review committee.

b. Matching Grant Mid-Year Review

Jim Plassmeyer presented a review of the fiscal year 2004 Matching Grant Program. The fiscal year 2003 budget contained a \$500,000 expansion in the district assistance funds. Part of the expansion went into the Matching Grant Program and increased the amount available to each district from \$4,000 to \$5,000. Mr. Plassmeyer briefly reviewed the history and process of the one-to-one Matching Grant Program.

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Of the total \$570,000 allocated to this fund in FY2004, \$446,095 had been obligated. Technical personnel accounted for the largest percentage in the amount of \$153,449 or 35 percent and field equipment for the least accounting for \$1,750 or 1 percent. Other categories included district operations and info/ed with a total of \$127,256 or 28 percent, office equipment with a total of \$35,322 or 8 percent, machinery with a total of \$38,544 or 9 percent, management personnel with a total of \$84,448 or 19 percent, and information/education (info/ed) personnel with a total of \$5,325 or 1 percent.

Mr. Plassmeyer reported that most districts had submitted at least one proposal for matching grants. Out of the \$570,000 allocated, it was reported that \$143,180 was not obligated. The unobligated funds have traditionally been available to districts after the January deadline. In the years that the Matching Grant Program was not over-obligated, the percent spent was in the middle or low 70 percent range. In the years when the commission over-obligated, the percentage claimed ranged from 81 percent in fiscal year 1998 to 98 percent in fiscal year 2002. In fiscal year 2003 by accepting proposals for \$656,499, which was \$86,500 more than what was available, 92 percent of the original budgeted amount was claimed.

According to Mr. Plassmeyer, districts have already submitted proposals for over \$69,000 more than the budgeted amount. The \$69,000 is for personnel, information/education and office operations, machinery, and office equipment.

Larry Furbeck made a motion to release \$123,904 unobligated funds plus over-obligate an additional \$86,000 for a total of \$209,904 to the districts on a first come-first served basis until all funds are allocated. Limit each district to an additional \$5,000 1:1 matching grant. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

H. MASWCD REPORT

Steve Oetting from Lafayette County informed the commission he would be representing the association in the following year as the new Missouri Association of Soil and Water Conservation Districts president. He also stated that since the training conference in December, they had filled the board. In January, Eli Mast, Peggy Lemons, and he had represented Missouri at the National Association of Conservation Districts North Central partnership meeting. They addressed budget issues, did some strategic planning, and other items. At the Education Seminar this week, Peggy Lemons went through the proper way to address legislators.

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I. LEGISLATIVE REPORT

Bill Wilson briefed the Commission on some of the legislation being tracked by the department. Senate Bill 949 proposes transferring hearings on appeals of findings, orders, decisions or assessments on permits, licenses, registrations, administrative penalties, emergency orders other actions regarding environmental issues from the director of department of natural resources and six commissions housed within the department, which includes the Soil and Water Districts Commission, to the Administrative Hearing Commission. This Bill is currently in the Senate Commerce and Environment Committee. Mr. Wilson also reviewed House Bill 1177 and Senate Bill 1128 that proposes to involve the county soil and water conservation districts in setting local county controls regarding concentrated animal feed operations. Both of these Bills are currently in the Senate Agriculture, Conservation, Parks and Natural Resources Committee. The next bill House Bill 1126 proposes to change who may vote to allow a county to detach from the watershed district. The House Agriculture Committee has approved this bill. The last bill covered the budget House Bill 1006 that contains the department's budget for fiscal year 2005. The department has met with both the House and the Senate regarding next year's budget.

J. STAFF REPORT

Sarah Fast informed the commission about a letter from Ms. Huggins, chair of the Commissioners' Core Workgroup, regarding making the rulemaking process more responsive and open. She also told them about a watershed workshop scheduled for March 24 and 25 in Jefferson City.

K. DATE OF NEXT MEETINGS

The date of the next commission meeting was set for Tuesday, March 23, 2004, beginning at 8:30 at the DNR Conference Center in the Bennett Springs/Roaring River room in Jefferson City, Missouri.

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. **ADJOURNMENT**

Kirby VanAusdall moved the meeting be adjourned. Larry Furbeck seconded the motion. Motion approved by consensus at 5:10 PM.

Respectfully submitted,

Sarah E. Fast, Director
Soil and Water Conservation Program

Approved by:

Elizabeth Brown, Chairman
Missouri Soil & Water Districts Commission

/tm